

Transportation Finance

Concerns and Legislative Efforts to Fund Transportation



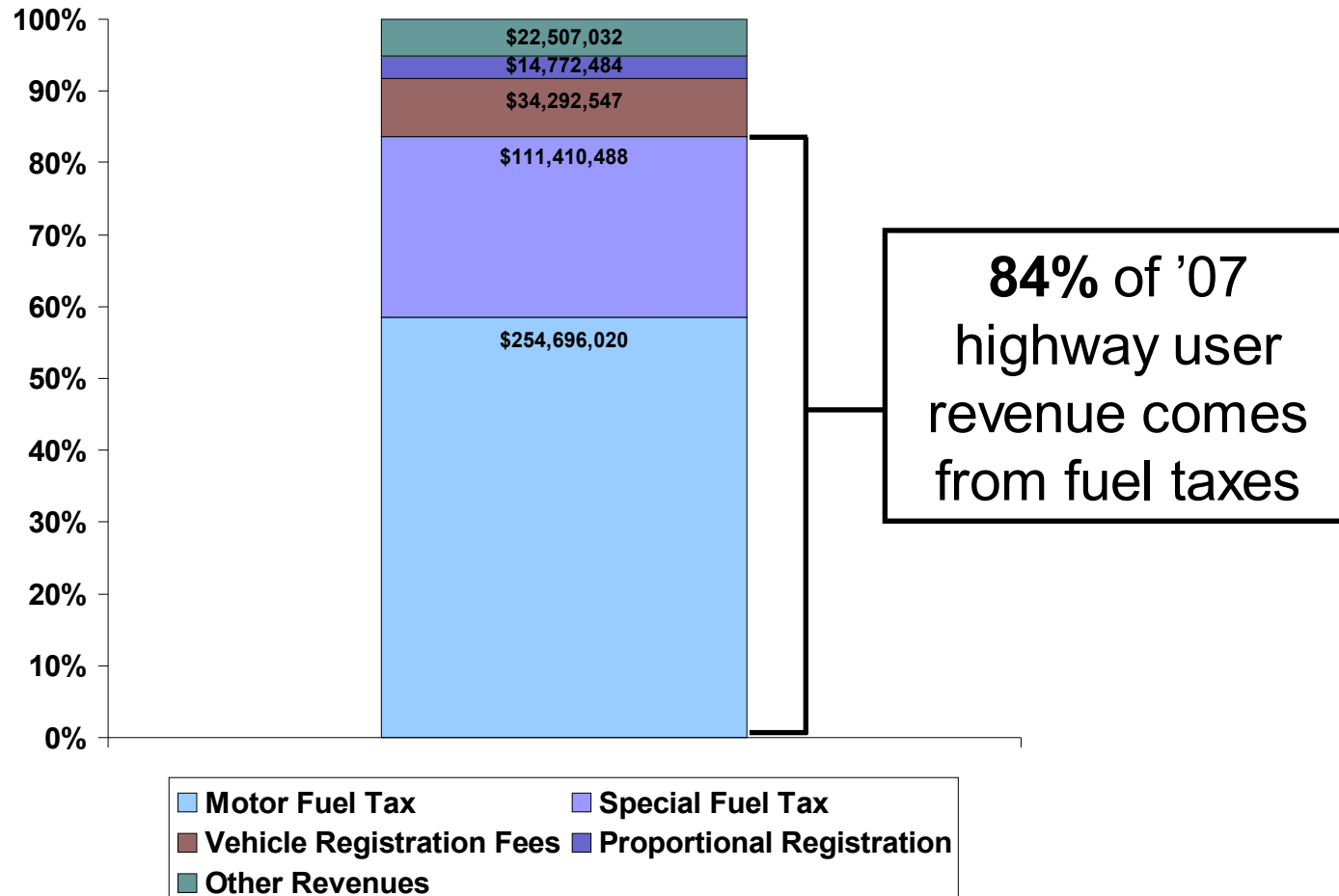
Prepared by the Office of Legislative Research and General Counsel
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Michael E. Christensen, *Director* • John L. Fellows, *General Counsel*
Utah State Capitol Complex, House Building Suite W210
PO Box 145210, Salt Lake City, Utah 841145210
(801)538-1032 • fax (801)538-1712 • <http://le.utah.gov>

Transportation Finance Concerns

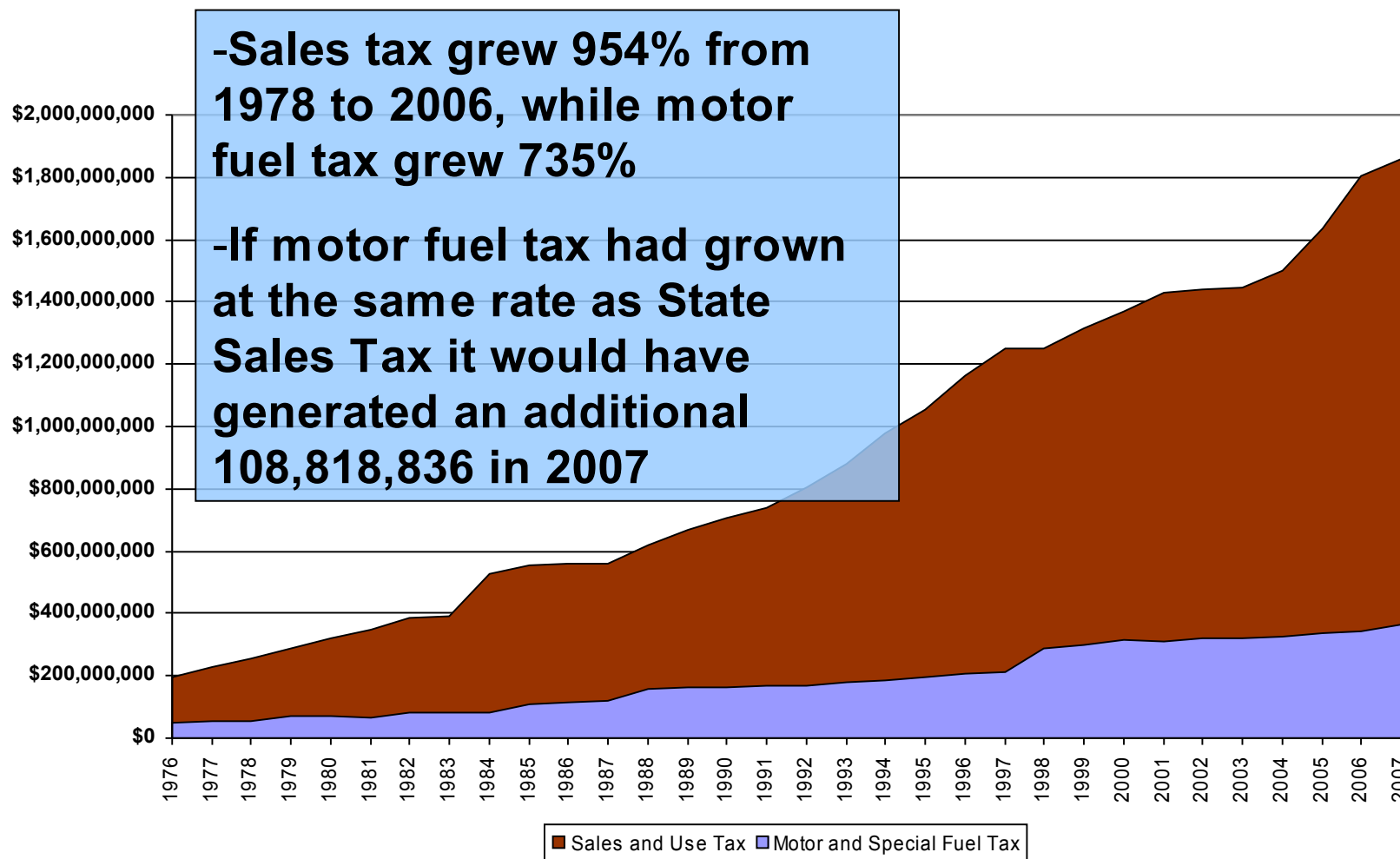
- Fuel tax revenues do not grow with inflation
- Less gas is needed to travel more miles
- Cost of building and maintaining highways is rapidly increasing
- Federal transportation funding could decrease

Fuel Tax Revenues



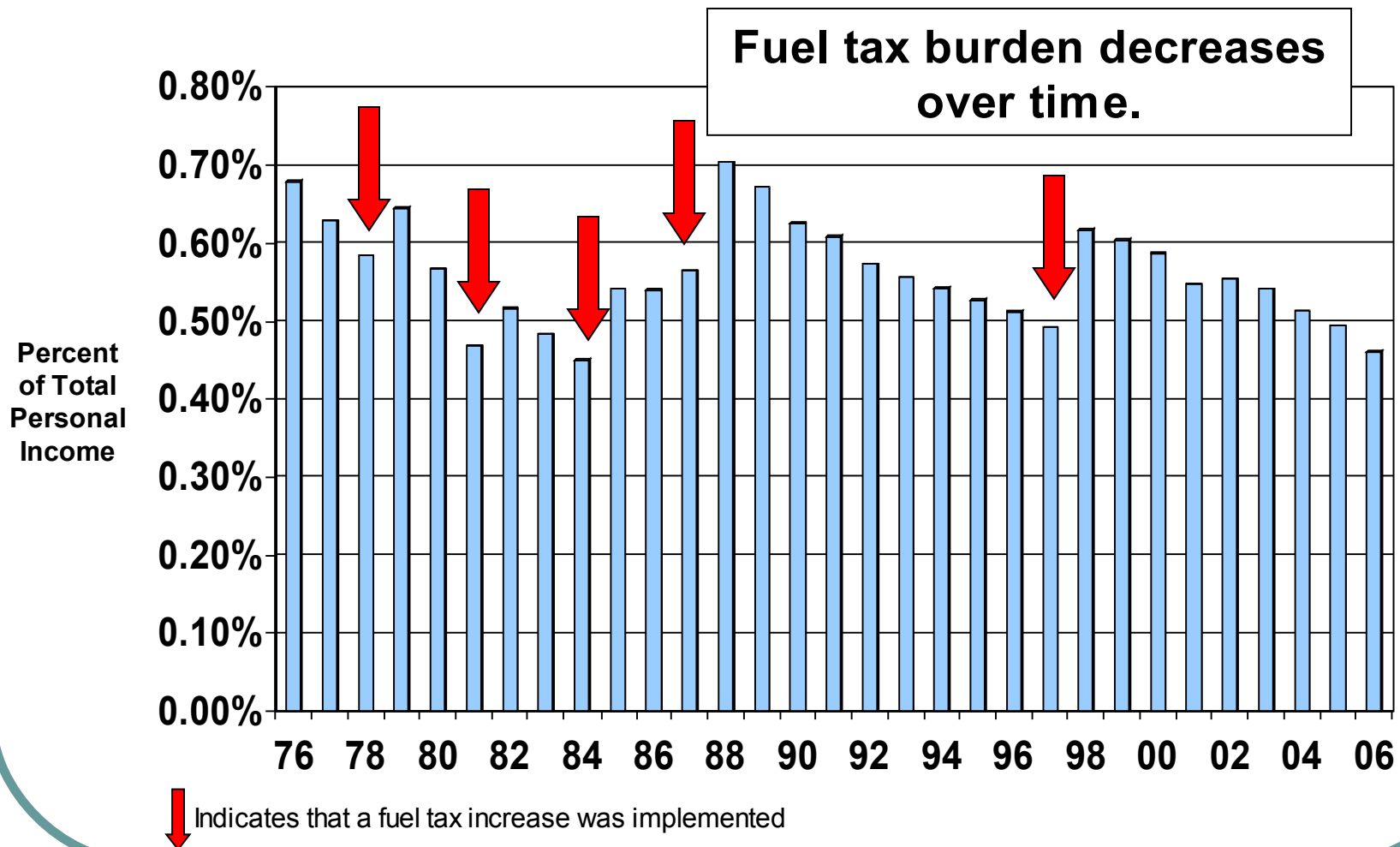
*Source: Utah Department of Transportation 2007 Annual Statistical Survey

Fuel Tax Growth 1976 – 2007

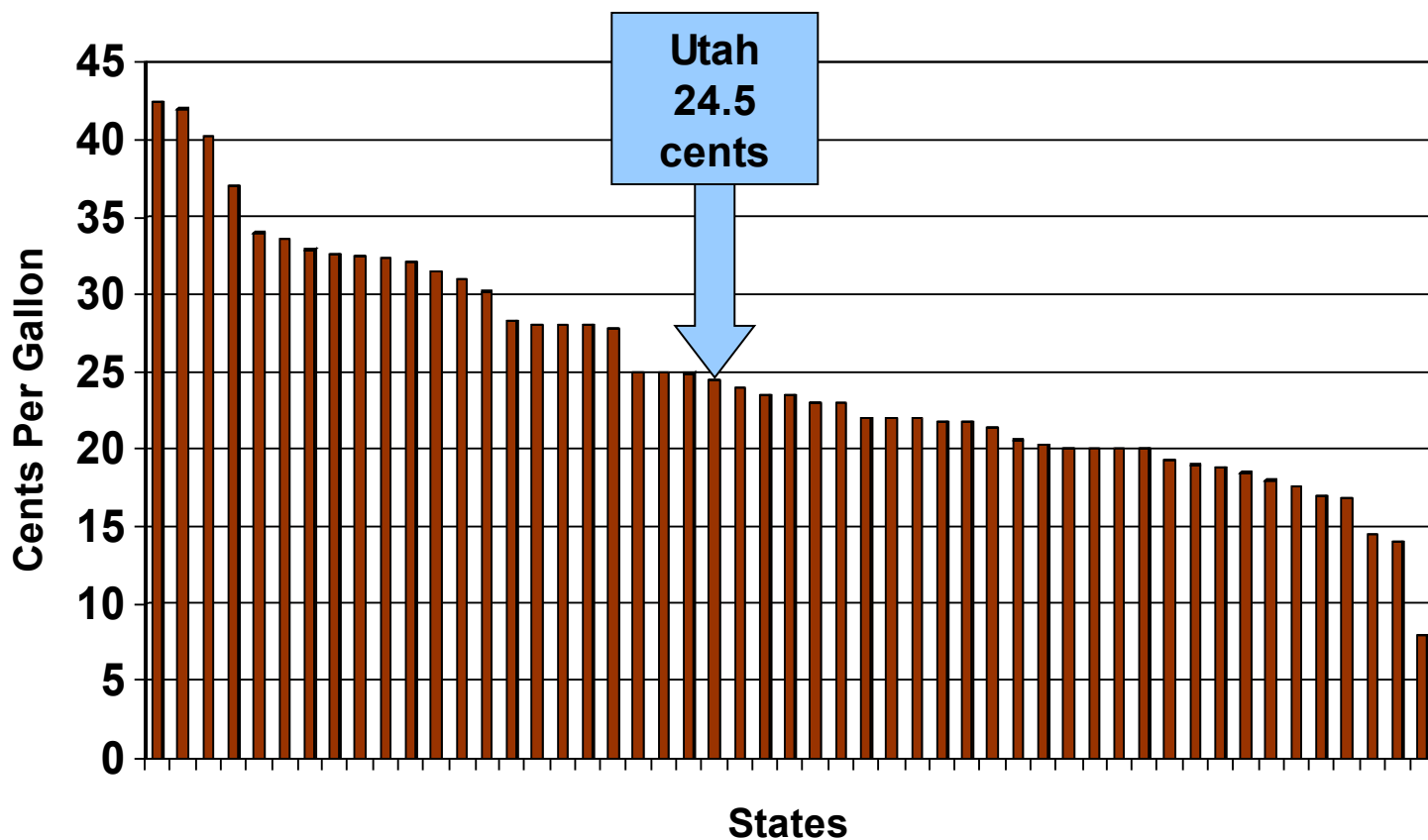


*Source: 2007 Economic Report to the Governor; Utah Department of Transportation Annual Statistical Surveys, years 1979-2005

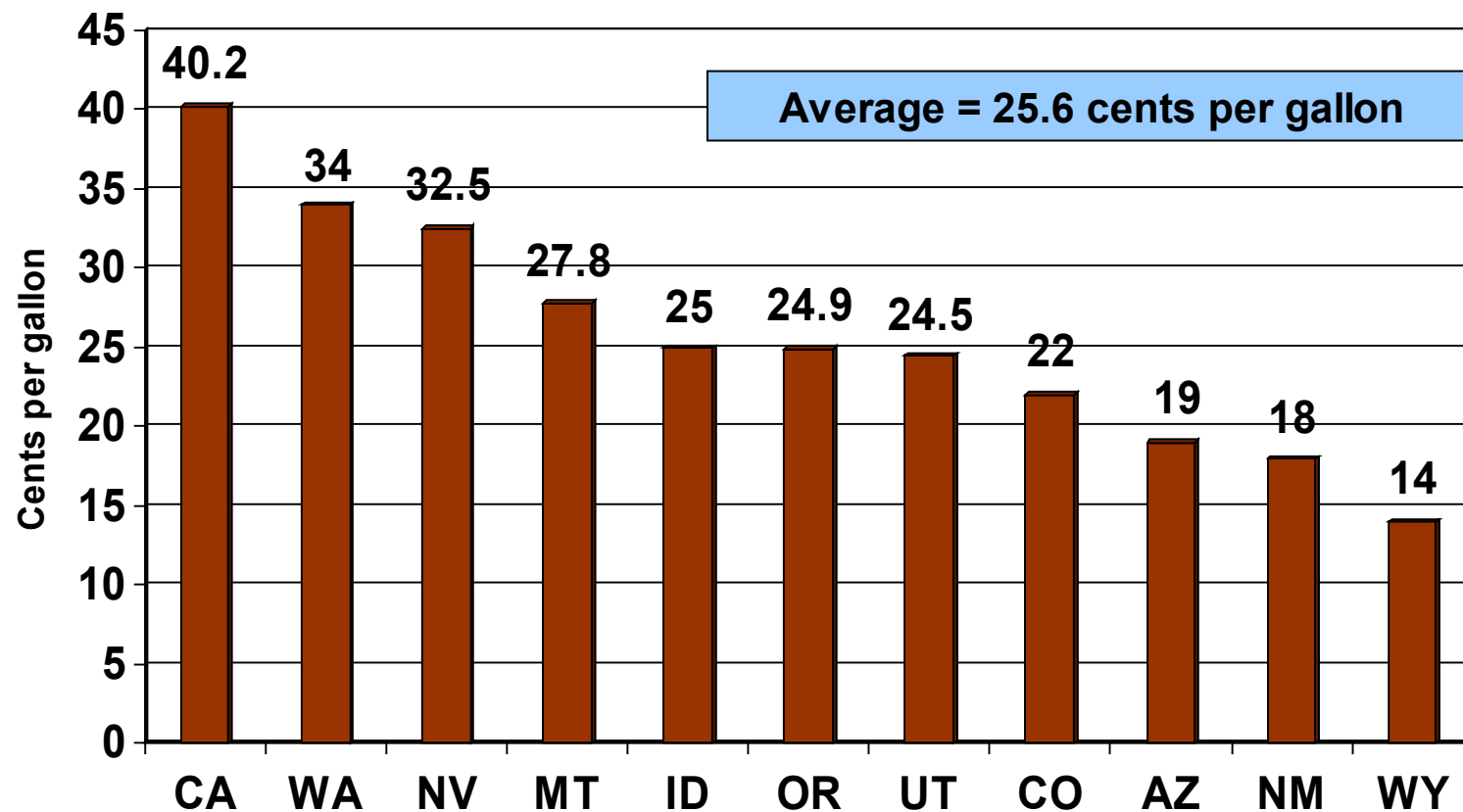
Fuel Tax Burden



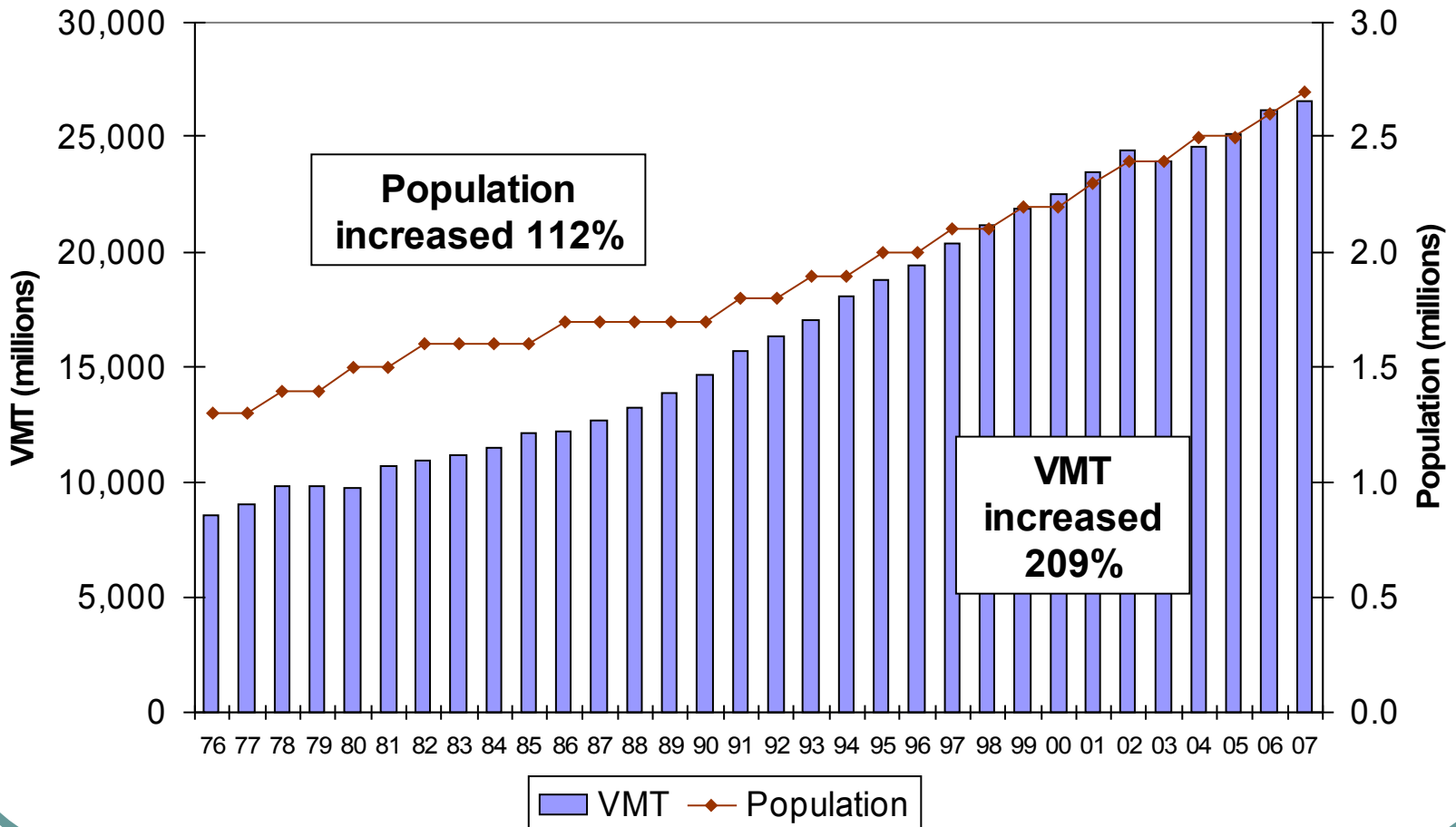
Fuel Tax Comparison



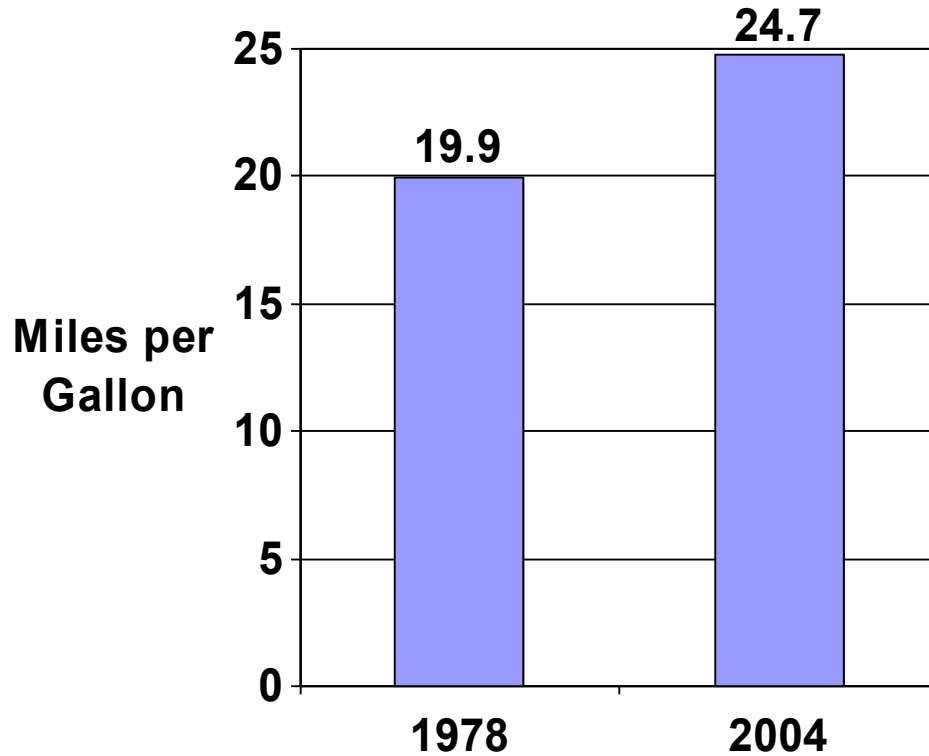
Fuel Tax Comparison



Vehicle Miles Traveled (VMT)



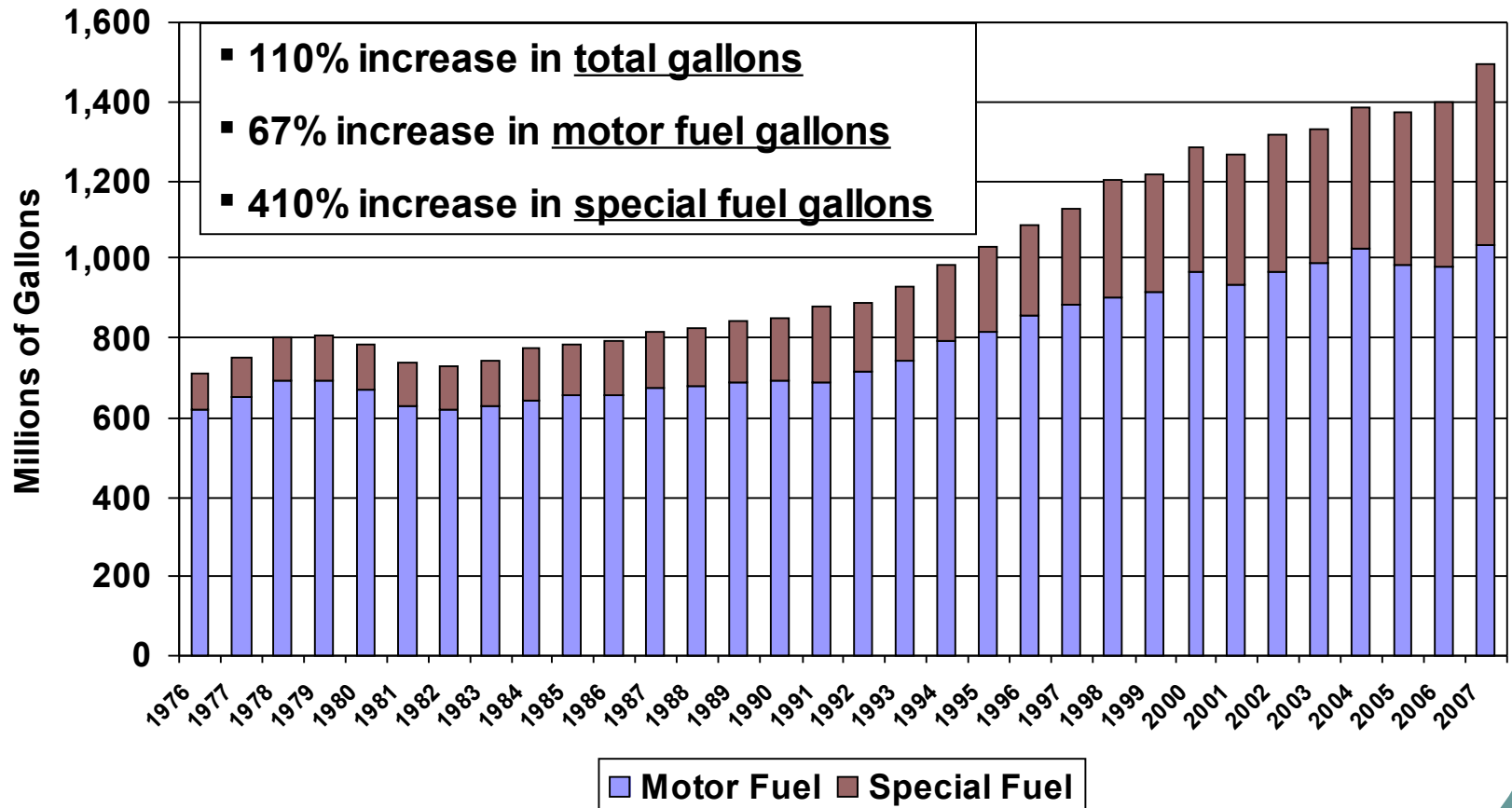
Fuel Efficiency: Miles Per Gallon



On average, less fuel is required to travel the same distance

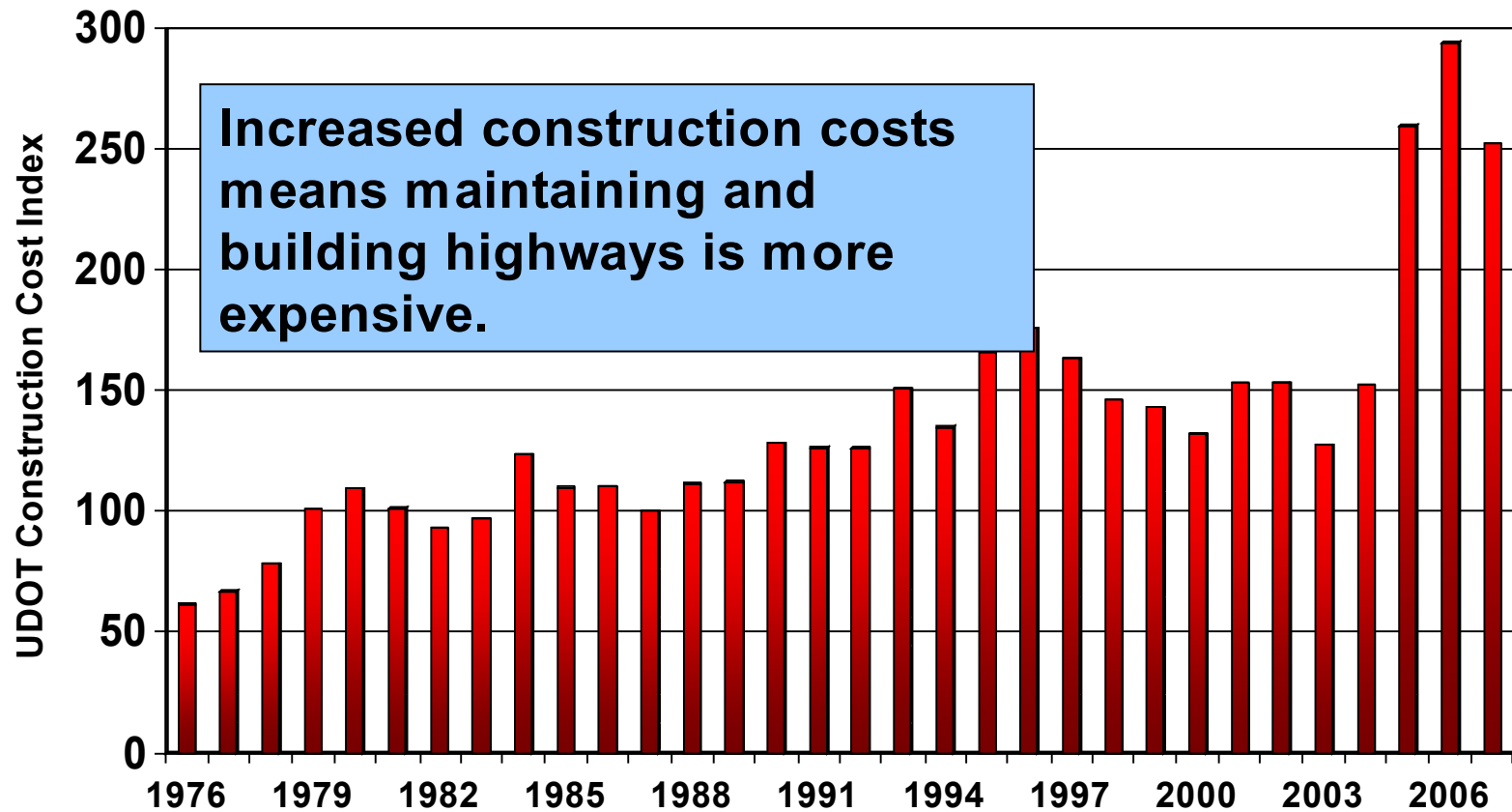
Average Vehicle Fuel Efficiency

Fuel Consumption in Utah



*Source: Utah Department of Transportation Annual Statistical Surveys, years 1979-2005; Utah Population Estimates Committee

Construction Material Costs



*Source: Utah Department of Transportation, Construction Cost Index Report for 4th Quarter, 2008

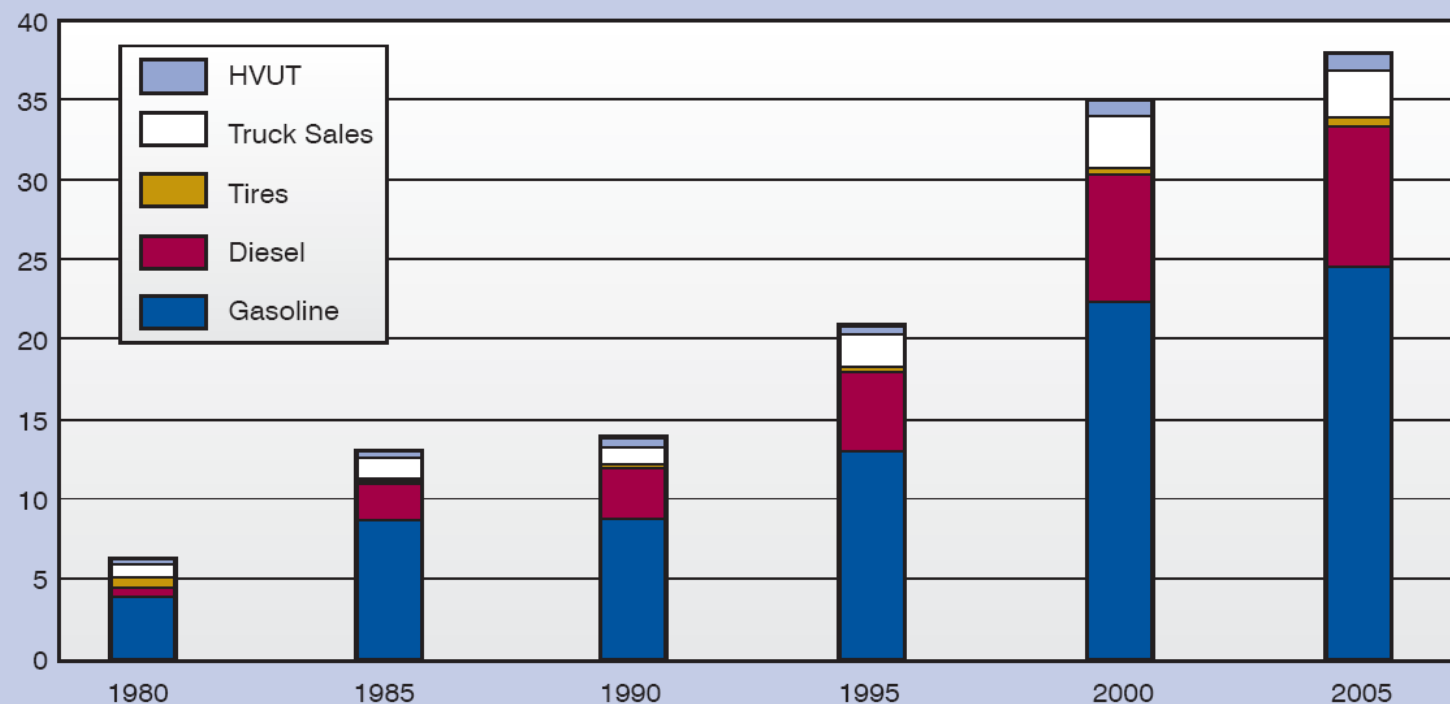
Federal Funding

- Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU)
 - Federal transportation funding program
 - Establishes federal funding ceilings and guarantees for FFY 2005 – 2009
 - Funded by the Federal Highway Trust Fund (HTF)
 - Major revenue stream is the federal tax on motor fuels
 - Balance is rapidly declining
 - Estimated that Highway Account (90% of HTF) will have a negative balance by the end of FFY 2009

Federal Fuel Tax Revenues

Taxes supporting the Highway Trust Fund

Dollars, billions



This exhibit shows increases in Highway Trust Fund revenues in current dollars between 1980 and 2005.

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Federal Funding

- SAFETEA-LU provided for creation of the National Surface Transportation Policy and Revenue Study Commission
 - Comprised of 12 members representing federal, state, and local governments, metropolitan planning organizations, transportation-related industries, and public interest organizations
 - Charged with studying:
 - The condition and future needs of the nation's surface transportation system; and
 - Short and long-term alternatives to replace or supplement the fuel tax as the principal revenue source to support the HTF over the next 30 years

Federal Funding

- SAFETEA-LU recommendations:
 - Maintaining user fees as the main source of Federal transportation funding
 - Increasing Federal fuel tax from 5 to 8 cents per gallon per year over the next 5 years
 - Indexing Federal fuel tax to inflation
 - Levying a Federal ticket tax on transit trips
 - Imposing a Federal freight fee to help finance freight-related improvements
 - Increasing state fuel taxes and other highway user fees
 - Providing new flexibility for tolling and pricing, including:
 - Allow tolls to fund new capacity on the interstate system
 - Allow congestion pricing on new and existing interstate capacity
 - Encouraging the use of public-private partnership
 - Requiring a study to develop the specific mechanisms and strategies for transitioning to an alternative to the fuel tax such as a Vehicles Miles Traveled fee

Legislative Efforts to Fund Transportation

- Dedications of general fund revenue
- Authorization of additional local option sales and use tax for transportation purposes
- Funding increases for corridor preservation through general fund and local option transportation corridor preservation fee